


AR36

*File*

**STEADMAN INDUSTRIES  
LIMITED**

TORONTO, CANADA

**1968  
ANNUAL REPORT**



Digitized by the Internet Archive  
in 2023 with funding from  
University of Alberta Library

[https://archive.org/details/Stea1884\\_1968](https://archive.org/details/Stea1884_1968)



# STEADMAN INDUSTRIES LIMITED

May 16, 1969.

## TO THE SHAREHOLDERS:

1968 has been the most exciting year in the Company's history, in which its patterns and designs for future growth have been more carefully refined.

The primary effort through the year was devoted to further developing the INTERPOOL container leasing concept. The year culminated in our acquisition of INTERPOOL from REA on November 1st, 1968. Subsequently, Mr. Warren L. Serenbetz, Senior Vice-President, left REA to join INTERPOOL as President and Mr. Martin Tuchman, Assistant to the Vice-President, similarly became Vice-President of INTERPOOL.

Headed by this dynamic management team, INTERPOOL INC., headquartered at 630 Third Avenue in New York, has quickly become an important factor in the container leasing industry.

In order to provide a financial base for this expansion, the Company arranged a private placement of common shares adding close to \$1,000,000 to its treasury. These funds permitted additions to the INTERPOOL fleet which at the end of the year consisted of 700 containers. Since the year end, the fleet has more than doubled to close to 2,000. An additional 5,000 containers are now on order with licensed manufacturers in Canada, U.S., England and Holland. Production in Holland is by Klockner-Steadman Container GmbH, our German joint venture.

Production of containers and container handling equipment for the INTERPOOL fleet amounted to \$696,423 during the year, and in our consolidated financial statement, the equipment represented by this amount is shown as fixed assets. Accordingly, total sales value of production for the year has been reduced as compared to 1967.

It should be noted that the Company's leasing activities are now the major emphasis in the Company's operations, and this trend is increasing each month.

High administrative costs were incurred during the year in order to establish a rapid rate of growth in the container leasing operations which are now operating profitably. Despite these unusual costs, and production of equipment for internal use, cash generated by operations increased by \$82,890 over 1967, an increase of over 60%.

The Company's patented RAILTAINER system gained further acceptance during the year, being used, by means of RAILTAINER adaptors, to handle intercontinental containers throughout Canada by both Canadian National and Canadian Pacific Railways. Because of this equipment, there are more inland locations in Canada where such containers are being economically and systematically handled, than in any other country in the world. This, of course, is exactly the pattern made possible by our system, and we will continue to work to develop the inland handling of intercontinental containers throughout Canada, and similarly, through INTERPOOL, throughout the United States and the rest of the world.

In order to provide an optional method of handling such intercontinental containers without RAILTAINER adaptors, we developed a revised Universal version of the RAILTAINER unit, and exhibited it to the public at the First International Container Exhibition in Baltimore, in November. This unit, more costly than the RAILTAINER side-transfer, handles any container built to world standards. This new product has been enthusiastically received and is already opening up new vistas for the sale and use of our equipment. Both Canadian railroads have ordered it for use in various major urban centres, in order to supplement RAILTAINER services. U.S. railroads, through INTERPOOL, are increasingly using it.

Societe MIC of Paris has become the Klockner-Steadman licensee in France. This large materials handling equipment manufacturer is building towards a major container manufacturing programme.

Important sales of TRUCKTAINER equipment were made during the year. Another major Canadian motor carrier, Direct Winters Transport, adopted our system. Texaco was our most important new customer in the United States.

A number of new patents were granted during the year, and we now have 32 issued patents in 11 countries. A large number of additional patent applications are still pending. Further patent applications were made during the year in a number of countries, expanding coverage on our original inventions, and covering our newer developments.

We wish to express our appreciation to the loyal employees and staff of the Company, its affiliates and subsidiaries, for their continuing assistance and commitments to the Company and its goals.

Respectfully submitted,

GABRIEL ALTER,  
President.



# STEADMAN INDUSTRIES

(Incorporated under the laws of the Province of Ontario)

AND SUBSIDIARIES

*Consolidated*

As at November 30, 1968

ASSETS		1968	1967
CURRENT			
Cash .....		\$ 85,523	\$ 49,811
Short term notes .....		125,000	—
Accounts receivable (note 2) .....		90,579	236,507
Inventory — valued at the lower of cost and net realizable value .....		208,110	208,842
Prepaid expenses and deposits .....		22,155	11,203
		<u>\$ 531,367</u>	<u>\$ 506,363</u>
FIXED — at cost			
Containers and container handling equipment (note 3) .....		\$1,364,148	\$ —
Furniture, plant and equipment .....		150,394	123,922
		<u>\$1,514,542</u>	<u>\$ 123,922</u>
Less: Accumulated depreciation .....		127,364	46,371
		<u>\$1,387,178</u>	<u>\$ 77,551</u>
Investments — at cost (note 4) .....		\$ 6,076	\$ 5,299
OTHER			
Patents and patent rights — at cost less accumulated amortization (note 5) .....		\$ 25,824	\$ 26,115

Approved on Behalf of the Board:

I. GOULD, Director.

G. ALTER, Director.

\$1,950,445      \$ 615,328

The accompanying notes are an integral part of these financial statements.

**Auditors**

To the Shareholders of  
Steadman Industries Limited,  
Toronto, Ontario.

We have examined the consolidated balance sheet of Steadman Industries Limited and its subsidiary companies as at November 30, 1968, and the consolidated statements of earnings, deficit and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada.  
May 15, 1969.

# TRIES LIMITED

(Incorporated in the Province of Ontario)

COMPANIES (NOTE 1)

## Balance Sheet

As at November 30, 1967 Comparisons

LIABILITIES		1968	1967
CURRENT			
Bank indebtedness — secured (note 6)		\$ 120,968	\$ 25,000
Accounts payable and accrued expenses		341,059	324,885
Sales tax		5,374	33,926
Amount due under lease-option agreement — current portion (note 7)		33,071	—
Loan payable		13,495	13,495
Deferred rental income		16,716	—
Income taxes payable (note 10)		2,571	—
		<u>\$ 533,254</u>	<u>\$ 397,306</u>
Unearned portion of licensing fees		19,973	19,973
Deferred income taxes (note 8)		35,685	—
Amount due under lease-option agreement — deferred portion (note 7)		116,169	—
TOTAL LIABILITIES		<u>\$ 705,081</u>	<u>\$ 417,279</u>
Minority interest in subsidiary companies		<u>\$ 532</u>	<u>\$ —</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 9)

#### AUTHORIZED

1,000,000 Common shares, no par value

#### ISSUED AND FULLY PAID

669,103 Shares (603,403 in 1967) . . . . . \$2,187,866 \$1,242,003

DEFICIT — per statement . . . . . (943,034) (1,043,954)

\$1,244,832 \$ 198,049

\$1,950,445 \$ 615,328

of these financial statements.

port

In our opinion these financial statements present fairly the financial position of Steadman Industries Limited and its subsidiary companies as at November 30, 1968 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

WM. EISENBERG & CO.  
Chartered Accountants



# STEADMAN INDUSTRIES LIMITED

(Incorporated under the laws of the Province of Ontario)

## AND SUBSIDIARY COMPANIES

### *Notes to Consolidated Financial Statements*

November 30, 1968

#### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Steadman Industries Limited, its wholly-owned subsidiaries and a group of three subsidiary companies in which it owns a 90% interest.

Current assets and liabilities in foreign currencies have been converted to Canadian currency at exchange rates applying at balance sheet date. Non-current assets and liabilities have been converted at rates prevailing at the time the assets were acquired or the liabilities incurred.

#### 2. ACCOUNTS RECEIVABLE

Included in accounts receivable is an amount of \$5,925 representing tax withheld at source by the Company's Australian lessee. In the opinion of management, this tax should not have been withheld, and the Company is claiming payment of this amount.

#### 3. CONTAINERS AND CONTAINER HANDLING EQUIPMENT

Depreciation of containers and container handling equipment has been provided for on a 10 year and 5 year straight-line basis respectively after allowing for estimated residual values. One group of containers with a net book value of \$456,381 is subject to a lease under which the lessee has an option to acquire them for \$400 in 1972 and are being depreciated in equal annual amounts so as to fully amortize their cost over the period of the lease.

#### 4. INVESTMENTS

Particulars of investments are as follows:

50% interest in Solar-Steadman Containers Limited .....	\$ 2,600
50% interest in Klockner-Steadman Container GmbH .....	2,697
Advance to Klockner-Steadman Container GmbH .....	779
	<u>\$ 6,076</u>

Solar-Steadman Containers Limited has had no significant operations to date. Klockner-Steadman Container GmbH incurred a loss of approximately \$70,000, according to the unaudited financial statement for its fiscal year ended September 30, 1968. Klockner-Werkes A.G., who own the other 50% interest in Klockner-Steadman Container GmbH are obligated under the terms of an agreement with the Company to finance the losses of this jointly owned company for the first five years of its operations.

#### 5. PATENTS AND PATENT RIGHTS

Patents are being amortized over a period of 17 years from their date of issue. Patent rights are carried at cost until patents are granted and are written off if the patent applications are withdrawn.

#### 6. BANK INDEBTEDNESS

The bank indebtedness is secured by a general assignment of book debts.

## 7. AMOUNT DUE UNDER LEASE-OPTION AGREEMENT

A subsidiary of the company has acquired 91 containers under a lease-option agreement which calls for payments of \$25,209 annually over a five year period. At the termination of this agreement, the containers may be acquired for \$91. The total of the payments due under this agreement has been capitalized as a cost of containers.

## 8. DEFERRED INCOME TAXES

For tax purposes a subsidiary company has claimed amounts of depreciation which have exceeded recorded depreciation, and the Company has deferred a portion of its income from sales of equipment.

For the foregoing reasons income taxes otherwise payable have been reduced and the income taxes on the excess of earnings reported for statement purposes over taxable income have been recorded as deferred income taxes.

## 9. CAPITAL STOCK

During 1968, 700 shares of capital stock were issued at \$5 per share through the exercise of stock options and an additional 65,000 shares of capital stock were issued for an aggregate consideration of \$942,363. Options were granted during the year to purchase 6,500 shares of the company's capital stock at a price of \$13.50 U.S. per share exerciseable at any time up to December 31, 1971.

## 10. INCOME TAXES PAYABLE

Income taxes payable on the profit earned in 1968 have been reduced by \$34,815 due to the carry forward for tax purposes, of losses incurred in prior years.

## 11. LEASES

The annual rent payable (exclusive of taxes, insurance and other occupancy charges) under leases expiring in 1969 and 1973 amounts to \$41,327.

## 12. EXECUTIVE REMUNERATION

Aggregate direct remuneration paid to directors and senior officers in 1968 totalled \$69,735 (1967: \$67,390).



# STEADMAN INDUSTRIES LIMITED

(Incorporated under the laws of the Province of Ontario)

AND SUBSIDIARY COMPANIES (NOTE 1)

## *Consolidated Statement of Earnings*

For the Year Ended November 30, 1968 with 1967 Comparisons

	1968	1967
Sales .....	\$1,467,868	\$1,808,419
Cost of Sales .....	1,205,275	1,551,707
Gross Profit on Sales .....	\$ 262,593	\$ 256,712
Equipment Rentals .....	129,830	—
Licensing and service fees .....	9,418	18,387
Sundry Income .....	1,990	—
	<u>\$ 403,831</u>	<u>\$ 275,099</u>
General, administrative and selling expenses .....	\$ 180,984	\$ 134,207
Depreciation and amortization .....	83,127	21,120
	<u>\$ 264,111</u>	<u>\$ 155,327</u>
Net earnings before minority interest and income taxes .....	\$ 139,720	\$ 119,772
Minority interest .....	\$ 532	\$ —
Income taxes payable (note 10) .....	2,583	—
Deferred income taxes (note 8) .....	35,685	—
Net earnings .....	<u>\$ 100,920</u>	<u>\$ 119,772</u>

## *Consolidated Statement of Deficit*

For the Year Ended November 30, 1968 with 1967 Comparisons

	1968	1967
Balance, beginning of year .....	\$1,043,954	\$1,163,726
Deduct: Net earnings for the year .....	100,920	119,772
Balance, end of year .....	<u>\$ 943,034</u>	<u>\$1,043,954</u>

The accompanying notes are an integral part of these financial statements.



# STEADMAN INDUSTRIES LIMITED

(Incorporated under the laws of the Province of Ontario)

AND SUBSIDIARY COMPANIES (NOTE 1)

## *Consolidated Statement of Source and Use of Funds*

For the Year Ended November 30, 1968 with 1967 Comparisons

### Source of Funds

OPERATIONS	1968	1967
Net earnings for the year .....	\$ 100,920	\$ 119,772
Depreciation and amortization .....	83,127	21,120
Deferred income taxes .....	35,685	—
	<u>\$ 219,732</u>	<u>\$ 140,892</u>
Less: Deferred income realized .....	—	4,050
	<u>\$ 219,732</u>	<u>\$ 136,842</u>
Minority interest in subsidiary companies .....	532	—
Issue of shares of capital stock .....	945,863	17,000
Deferred portion of amounts due under lease-option agreement ....	116,169	—
	<u>\$1,282,296</u>	<u>\$ 153,842</u>

### USE OF FUNDS

Investments .....	\$ 777	\$ 5,297
Purchase of equipment .....	1,390,620	19,325
Cost of additional patents and patent rights .....	1,843	8,389
	<u>\$1,393,240</u>	<u>\$ 33,011</u>
Increase (decrease) in working capital .....	(\$ 110,944)	\$ 120,831
Working capital (deficit) — beginning of the year .....	109,057	( 11,774)
Working capital (deficit) — end of the year .....	<u>(\$ 1,887)</u>	<u>\$ 109,057</u>

The accompanying notes are an integral part of these financial statements.

# STEADMAN INDUSTRIES LIMITED

HEAD OFFICE: 280 Belfield Road, Rexdale 605, Ontario, Canada

OTHER OFFICES:	New York, N.Y., U.S.A.	Nassau, Bahamas
	Wilmington, Delaware, U.S.A.	London, England
	Chicago, Ill., U.S.A.	Amsterdam, Netherlands
	New Orleans, La., U.S.A.	Hamburg, Germany
	San Francisco, Cal., U.S.A.	Troisdorf, Germany

DIRECTORS: Gabriel Alter  
Irving Gould  
Murray Logan  
David M. Perlmutter, C.A.  
Warren L. Serenbetz

OFFICERS: Irving Gould, Chairman of the Board  
Gabriel Alter, President  
Warren L. Serenbetz, Vice-President  
David M. Perlmutter, C.A., Secretary-Treasurer

REGISTRAR AND  
TRANSFER AGENT: Guaranty Trust Company of Canada

AUDITORS: Wm. Eisenberg & Co.









**AR36**

**STEADMAN  
INDUSTRIES  
LIMITED**

280 Belfield Road  
Rexdale, (Toronto) Canada

**DIRECTORS**

Gabriel Alter  
I. Gould  
A. B. Whitelaw, Q.C.  
D. M. Perlmutter, C.A.  
J. Ira Harris

**OFFICERS**

I. Gould, Chairman  
G. Alter, President  
A. B. Whitelaw, Q.C., Vice-President  
D. M. Perlmutter, C.A., Secretary-Treasurer

**AUDITORS**

Wm. Eisenberg & Co.

**REGISTRAR AND TRANSFER AGENT**

Guaranty Trust Company of Canada

*Lee G*

**REPORT**  
**to the Shareholders of**

**STEADMAN  
INDUSTRIES  
LIMITED**

For the Six Months  
Ending May 31, 1967

**STEADMAN INDUSTRIES LIMITED**  
**(INCORPORATED UNDER THE LAWS OF ONTARIO)**  
**AND SUBSIDIARY COMPANIES**  
**INTERIM CONSOLIDATED STATEMENT OF**  
**PROFIT AND LOSS**  
**FOR THE SIX MONTH PERIOD ENDED MAY 31, 1967**  
**(SUBJECT TO YEAR END ADJUSTMENT AND AUDIT)**

Sales .....	\$1,178,114
Licencing Fees .....	11,135
	<u>\$1,189,249</u>
Cost of Products Sold .....	\$1,004,245
General, Administrative and Selling Expenses .....	66,868
Depreciation and Amortization .....	17,936
	<u>\$1,089,049</u>
<b>Net Profit</b> .....	<u><u>\$ 100,200</u></u>

**INTERIM CONSOLIDATED STATEMENT OF SOURCE**  
**AND USE OF FUNDS**  
**FOR THE SIX MONTH PERIOD ENDED MAY 31, 1967**  
**(SUBJECT TO YEAR END ADJUSTMENT AND AUDIT)**

**Source of Funds**

Operations	
Net Profit for the Period .....	\$ 100,200
Depreciation Provision, Not Requiring an	
Outlay of Cash .....	17,936
	<u>\$ 118,136</u>

**Use of Funds**

Cost of Additional Patent and Patent Rights ..	\$ 1,328
Purchase of Equipment .....	6,605
	<u>\$ 7,933</u>
Resulting in an Increase in Working Capital of ....	<u><u>\$ 110,203</u></u>

**NOTES TO THE INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**MAY 31, 1967**

1. No income taxes appear to be payable on the profit for the period because of the carry-forward for tax purposes of losses from previous years.
2. No comparative figures for the six month period ended May 31, 1966 are available for presentation with these financial statements.

To The Shareholders:

Figures for the first six months of fiscal 1967 are the result of satisfactory sales for the first four months followed by a considerable slow-down.

This "breather" in container sales in Canada has paralleled a world-wide lull, awaiting, among other things, further refinement in container corner fitting standards, which were finally agreed upon two weeks ago. More important, the shipping industry operating into the St. Lawrence River and the Great Lakes, where we looked for growth and expansion, has been indecisive about its move into containerization. The limited numbers of containers moving to date on these routes have been acquired on short-term lease, and have travelled on conventional vessels. There are strong signs that decisions are now being made to go into true containerships, with on-ward movement by rail using Steadman systems.

We are working on a number of large orders, which are expected to materialize in the very near future. It is possible, however, that this expected upsurge in business may come too late to reflect further substantial earnings for 1967.

G. ALTER, President



# STEADMAN INDUSTRIES LIMITED

(Incorporated under the laws of Ontario)

and subsidiary companies

## AR36

### CONSOLIDATED STATEMENT OF EARNINGS\*

for the six month period ended May 31, 1968

	1968	1967
Sales .....	\$946,424	\$1,178,114
Licencing fees .....	6,293	11,135
Leasing income .....	6,666	
	<u>\$959,383</u>	<u>\$1,189,249</u>
Cost of products sold .....	\$768,619	\$1,004,245
General, administrative and selling expenses .....	85,651	66,868
Depreciation and amortization .....	19,530	17,936
	<u>\$873,800</u>	<u>\$1,089,049</u>
Net earnings before taxes .....	\$ 85,583	\$ 100,200
Provision for income taxes .....	28,000	
Net earnings .....	<u>\$ 57,583</u>	<u>\$ 100,200</u>
Net earnings per common share .....	9.5¢	16.5¢
Common shares outstanding .....	603,903	603,403

### CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS\*

for the six month period ended May 31, 1968

	1968	1967
<b>SOURCE OF FUNDS</b>		
<b>OPERATIONS</b>		
Net earnings for the period .....	\$ 57,583	\$100,200
Depreciation and amortization .....	19,530	17,936
	<u>\$ 77,113</u>	<u>\$118,136</u>
Less: Deferred income realized .....	2,025	—
	<u>\$ 75,088</u>	<u>\$118,136</u>
Issue of shares of capital stock .....	2,500	—
	<u>\$ 77,588</u>	<u>\$118,136</u>
<b>USE OF FUNDS</b>		
Patent costs .....	\$ 786	\$ 1,328
Additions to equipment .....	369,464	6,605
	<u>\$370,250</u>	<u>\$ 7,933</u>
Increase (Decrease) in working capital .....	<u>(\$292,662)</u>	<u>\$110,203</u>



STEADMAN  
INDUSTRIES  
LIMITED

### INTERIM REPORT

for the six months  
ended May 31, 1968

\* All figures are subject to year-end adjustment and audit.



DEAR SHAREHOLDER:

This interim report will provide you with the financial results of your company's operations for the six months ended May 31, 1968, and bring you up-to-date on the progress and latest developments in Steadman Industries Limited.

A substantial part of your company's production this year was sold to Steadman Leasing Inc., a wholly-owned U.S. subsidiary and accordingly, these sales amounting to \$405,246 and the earnings of \$46,066 related to these sales have been eliminated from the consolidated financial data. These products — containers and container-handling equipment—have now started to earn rental income which will be reflected in your company's future earnings.

Sales, royalties and rentals during the first half of the current financial year amounted to \$959,383 (\$1,189,249 in the corresponding period of last year) and net earnings after taxes were \$57,583 (\$100,200) or 9.5¢ (16.5¢) per common share outstanding on May 31, 1968. Had it not been for the elimination in this period of sales and earnings, as referred to above, results would have been at a significantly higher level.

Steadman Industries' financial position has been substantially strengthened by the recent private placement of 65,000 common shares among institutional investors, adding close to \$1 million to the treasury. This placement, reflecting investors' confidence in Steadman's future, has already added impetus to your company's leasing operations in Canada and the U.S.

In our letter to shareholders dated May 31, 1968, reference was made to a lease, covering 400 containers, for Federal Containers Limited, Montreal. This transaction has now been completed by us and Interpool Inc., a subsidiary of REA Express of New York. An additional 800 containers may be provided under an option arrangement.

Shareholders will be pleased to learn of the successful conclusion a few days ago of yet another important leasing commitment. Farrell Lines Inc., a major New York steamship company, has signed a membership agreement and lease with Interpool. Steadman Leasing Inc. has already put the first 50 containers at Farrell's disposal. In addition, membership agreements have been signed by several other steamship companies including Cunard Steamship Company and K Lines of Japan.

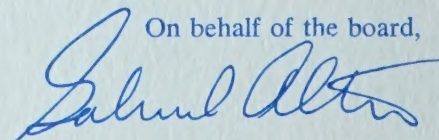
The latest in a series of favorable developments is an arrangement for the supply of a large number of containers with another steamship company. The first of these containers will be delivered in Europe by Klockner-Steadman Container GmbH., our associated German company, during this month.

In connection with Steadman's expansion in the United States and growing investors' interest, Mr. J. Murray Logan, a financial analyst of high standing and a member of Wood, Struthers & Winthrop, investment bankers in New York, has been appointed a director of your company.

Steadman Industries Limited operates in one of the world's most dynamic areas of business activity and offers an integrated and unique container transportation system to rail, road and ocean carriers on a global scale.

With this in mind, the directors wish to share with you their confidence in the bright future of your company.

On behalf of the board,



August 17, 1968.

Gabriel Alter, *President*